

# DIRECT MARKETING STRATEGIES

## SELLING THROUGH FOOD HUBS



In Washington State, as in other parts of the country, food hubs are becoming a more common way for direct marketing farms to sell their products to customers ranging from individual households to restaurants, schools, and corporate or institutional cafeterias. Food hubs are a means for direct marketing farms to access markets that are difficult to sell to on their own. Food hubs can meet customers' needs with ordering and delivery efficiencies and larger volume sales, by aggregating product from several farms while still maintaining the farms' individual identities and a personal connection to customers. In some cases, farms can capture a price premium that is not available through more traditional wholesale channels.

### **This fact sheet includes information on:**

- Common food hub models.
- How to get started selling through food hubs.
- Additional resources.

### **Common Food Hub Models**

There are many different types of food hubs that share some similar characteristics. The USDA defines a "food hub" as:

A business or organization that actively manages the aggregation, distribution and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand.

Typically, food hubs are organized by farmers themselves. Often, a nonprofit organization, cooperative, or other like-minded business, such as a processor or a co-operative retailer provides support. Food hubs can access various types of markets. Some may sell directly to many consumers through a co-operative CSA or food delivery, which can mean farms get a higher price for their product or consistent orders. Many food hubs sell to larger wholesale food service buyers, such as cafeterias, institutions, schools, restaurants, or grocery stores. Some food hubs are "hybrids" and sell to both markets.

Many food hubs in Washington State operate an online marketplace where farmers post their products

for sale to the food hub's customers. A single website and a consolidated fresh sheet are particularly convenient for restaurant and food service buyers who want to order products from a number of specific local farms, in quantities they need, without having to manage orders and deliveries from multiple farms.

Some food hubs simply provide infrastructure for retail space, product storage, processing, or sharing information between farms and buyers. Usually a food hub will be responsible for a range of business functions such as marketing, sales, order processing, aggregating products, distribution, and billing. Others function primarily as an online ordering and sales platform.

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In 2019, the USDA's Food Hub Directory listed eight food hubs in Washington, and more are in development. One of the oldest, the Okanogan Producers Marketing Association (OPMA) was founded in 2006 as a marketing co-operative so that they could provide consistent availability to produce for their customers. Working together enables OPMA farms to access consumers in metropolitan areas throughout the West Coast. The Puget Sound Food Hub started in 2010 as a project of the Northwest Agricultural Business Center. It now operates as a farmer-owned co-operative that sells to restaurants, hospitals, preschools, grocery stores, universities, and corporate campuses. Serving the Inland Northwest, Spokane-based LINC Foods started in 2014 to connect farmers and institutional customers such as schools and universities. LINC also sells to restaurants, grocery stores, and through their own CSA with an emphasis on environmentally sustainable and socially just growing practices

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### **How to Get Started Selling Through Food Hubs**

It is important to evaluate if a food hub is a good fit for your farm based on location, their market and buyers, requirements and eligibility, pricing, branding, and mission. Food hubs sell to a wide range of buyers, and it is important to understand their core markets.

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Selling to individual consumers through a cooperative CSA or food delivery model may mean smaller orders at retail prices with greater brand loyalty. Meanwhile, the opportunity to combine product with other farms, can open access to special wholesale markets such as schools or corporate cafeterias, restaurants, or grocery stores. These may offer consistent sales of larger volumes.

Confirm that your farm can meet any specific criteria that the food hub requires for its suppliers. You may need to follow harvest and handling best practices to maintain quality and help the food hub pack orders. Most hubs will have some food safety requirements such as Good Agricultural Practices (GAPs) and procedures to maintain product traceability. You may need to package or label your products in a specific way. Food hubs may have expectations for members' ongoing participation in the food hub operations, such as meetings, crop planning, or other decision making. Understand what services the food hub provides and how the costs of those services are covered. Food hubs may serve their members with sales and marketing support, ordering, product aggregation, delivery, cold storage, processing, invoicing, education, crop planning, and more. Food hubs charge fees for their services, often as a percentage of a farm's sales made through the hub. Understand what the fees or markups are, and how this might affect your product pricing and profitability.

It is also important to learn the e-commerce platform the food hub may be using, and how to make the farm and products look appealing online. Much of the value of a food hub comes from the ability to communicate about your specific farm story and "brand" to the end customers, even while coordinating with other farms.

### Benefits of selling through food hubs

- May be able to sell large quantities of product, especially to institutional buyers, or a large CSA.
- Can reach buyers, like food services or restaurants, that have volume, ordering, or delivery requirements that are difficult to reach or not cost effective to reach as an individual farm.
- Allows farmers to work together to meet the needs of high-volume buyers.
- Market flexibility regarding which products and quantities to sell via the food hub.

- Food hub may be responsible for key operations such as marketing, sales, invoicing, distribution services, and logistics.
- A food hub may handle marketing, sales, invoicing, distribution services, and logistics.
- Some food hubs offer farmer training, processing, crop planning, and other technical services.

### Challenges of selling through food hubs

- Additional communication between the buyers and food hub.
- Sales may fluctuate depending on buyer needs and other farmers' supply.
- A farm's marketing and branding is one step removed from communicating directly with customers.
- May need to meet requirements for specific shared recordkeeping, packing, and tracking practices, or certifications of a farm's food safety or production practices.

### Additional Resources

- National Good Food Network has an online Food Hub Center with a wealth of information, case studies, tools, and research from across the country for food hubs and farmers. Click on "Food Hubs" at [ngfn.org](http://ngfn.org)
- USDA AMS maintains a national directory of food hubs online and publishes Local and Regional Food Market News with food hub topics, [ams.usda.gov/market-news](http://ams.usda.gov/market-news)
- "Food Hubs: A Producer Guide" is available on the ATTRA website, [attra.ncat.org](http://attra.ncat.org); search for "food hub producer guide."
- WSDA Regional Markets Program helps food hubs in Washington and tracks information about food hub efforts statewide. Contact WSDA Regional Markets at [smallfarms@agr.wa.gov](mailto:smallfarms@agr.wa.gov).



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